



COMMUNITY DEVELOPMENT

CITY OF DURHAM

Affordable Housing Implementation Committee

Forever Home, Durham FY24

August 3, 2023

Forever Home, Durham

1. Housing Affordability in Durham
2. *Forever Home, Durham* FY22-23 Highlights
3. *Forever Home, Durham* FY23-24 Priorities and Challenges
4. Questions



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Housing Affordability in Durham



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Rapidly Increasing Housing Prices

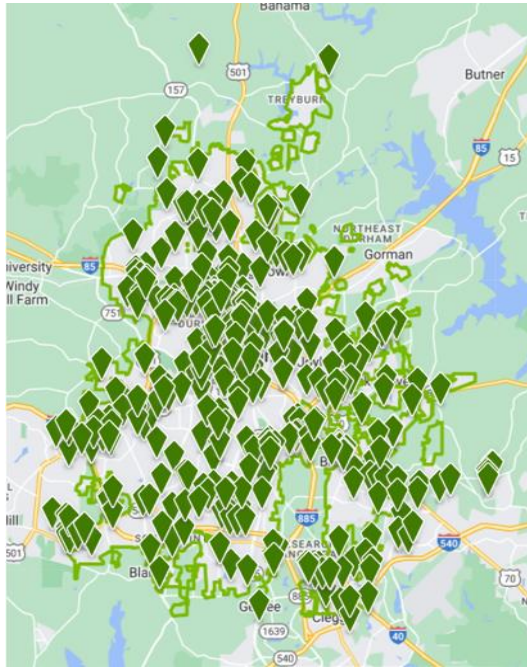
Rental Homes

For Sale Homes

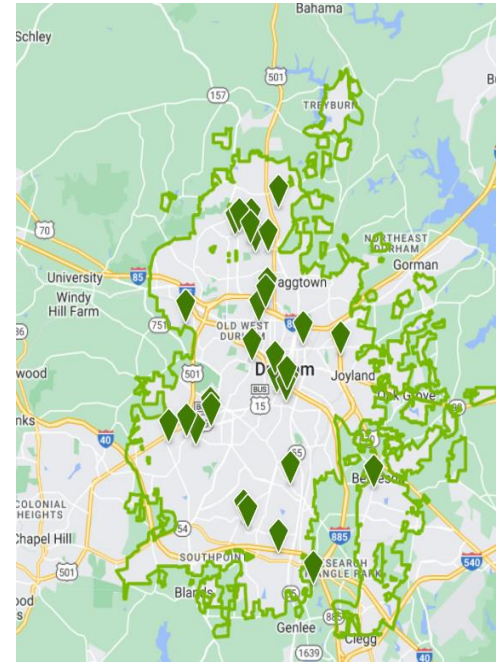
According to the Realtor.com, the median listing home price in Durham, NC, was \$382,500 in February 2023.



Snapshot: Availability of Affordable Units in the Market



4,363 Apartments for Rent with median rent for one bedroom is \$1,401 in Durham Area on May 2023 on Apartments.com

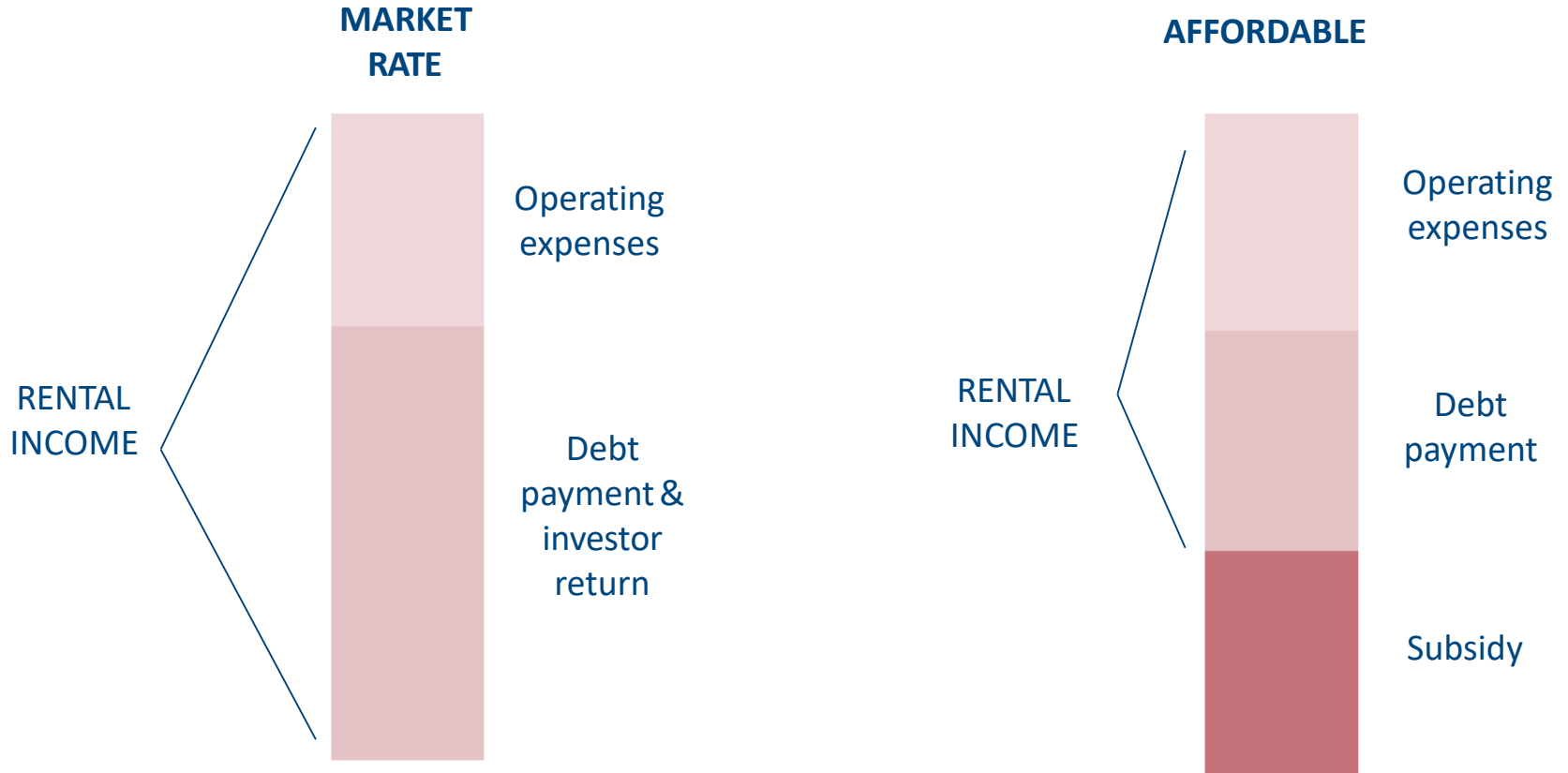


Of available apartments, 145 have monthly median rent <\$1,134 for a one-bedroom.

Source:
Apartments.com,
accessed 5/22/23

FY 2023 Fair
Market Rent
Documentation
System —
Calculation for
Durham-Chapel
Hill, NC HUD
Metro FMR Area
(huduser.gov)

Why is City assistance required?



FY22-23 Highlights



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FY22-23 Highlights

Awarded \$16.7M to create or preserve 681 units:

- Cedar Trace Apartments: \$6.9M; 180 units
- Sandy Ridge Station: \$5M; 132 units
- Fairhaven Walk: \$3.3M; 192 units
- JFK Towers: \$1.5M; 177 units

Committed \$25.8M to create or preserve 355 units:

- Southside Phases III/IV: \$7.7M; 100 units
- Elizabeth Street Apartments: \$6.6M; 72 units
- Hardee Street Apartments: \$6.9M; 132 units
- Ashton Place: \$4.6M; 51 units



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FY22-23 Highlights

- \$40M: Choice Neighborhood Initiative to redevelop and revitalize:
 - 519 East Main Street
 - Liberty Street
 - Surrounding downtown neighborhoods
- \$10M: ARPA funding for affordable housing goals



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Forever Home, Durham

Forever Home, Durham is a \$160 million, multi-year investment in affordable housing and services for low-income Durham residents funded with a combination of a \$95 million Affordable Housing Bond and \$65 million in existing City and federal funds. Program goals include:

- ✓ Build 1,600 new affordable rental homes and preserve 800 affordable rental homes
- ✓ Provide 400 affordable home ownership opportunities for first-time homebuyers
- ✓ Move 1,700 homeless persons into permanent housing
- ✓ Help 3,000 low-income renters and homeowners remain in or improve their homes
- ✓ Create at least \$130 million in contracting opportunities for Minority and Women-Owned Business Enterprises (MWBEs)



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Overview of Investment Program

CATEGORY		ACTIVITIES	
Name	Amount	Name	Amount
Homelessness	\$10,455,835	Emergency Shelter and Rapid Rehousing	\$3,463,610
		Homeless System Investments	\$4,850,000
		Technical assistance and capacity building	\$300,000
		HOPWA Assistance	\$1,842,225
Multifamily Rental	\$58,905,847	Downtown Revitalization Plan/DHA	\$58,905,847
		Downtown Plan Acceleration/New 4% LIHTC	\$16,000,000
	\$41,360,000	Multifamily Production/Preservation	\$25,000,000
		Preservation outreach	\$360,000
Neighborhood Stabilization	\$23,918,000	Small Scale Production/Preservation	\$7,500,000
		Home repair and rehabilitation	\$4,600,000
		Property tax outreach/homeowner education	\$650,000
		Downpayment Assistance/IDAs/HO Counseling	\$6,350,000
		Eviction Diversion	\$2,350,000
		Employment and Training Pilot	\$2,468,000
Financing Pilots	\$5,000,000	Durham Affordable Housing Loan Fund P2	\$1,500,000
		NOAH preservation/ADUs	\$3,500,000
Program Operations	\$20,316,346	Salaries and Operating Expenses	\$16,449,743
		Bond issuance costs	\$1,000,000
		Section 108 Loan	\$2,866,603
TOTAL	\$159,956,028		\$159,956,028

Forever Home, Durham Funding

- Community Development Block Grant (FY2019-2026)
- Home Investment Partnership Funds (HOME) (FY2019-2026)
- Emergency Solutions Grant (ESG) (FY2019-2026)
- Housing Opportunities for Persons with AIDS (HOPWA) (FY2019-2026)
- Dedicated Housing Fund (FY2019-2026)
- 2019 Affordable Housing Bond

Funding Sources Not Within *Forever Home, Durham*

- Federal Entitlements (CDBG, HOME, ESG, and HOPWA) and associated program income prior to FY2019.
- Dedicated Housing Fund prior to FY2019.
- Bond Program Income of any year which is income received from the repayment of past affordable housing bond referenda.

Forever Home, Durham

Progress to Date

2019 Bond Tracker

FY20-FY26

	GOAL	July 1, 2019 to Present Under				Balance Remaining
		<i>Pipeline</i>	<i>Contract</i>	<i>Completed</i>	<i>Total</i>	
Rental units created, total	1,600	1,257	451	162	1,870	(270)
Rental units preserved, total	800	27	56	355	438	362
Homeownership opportunities created	400	90	6	-	96	304
Homeless persons in permanent housing	1,700	-	-	1,481	1,481	219
Low income households stabilized	3,000	-	-	1,810	1,810	1,190

Note: Rental units created and preserved do not include results from CDD FY22 Request for Proposals for Gap Financing for LIHTC Projects



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Forever Home, Durham

Financial Overview

- The Forever Home, Durham' FY2024 Budget is approximately \$44M million.
- The increase over FY2023 is driven by increased budgets for Multifamily Production and Preservation, Neighborhood Stabilization, and Homelessness Services.



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Rental Housing Development and Preservation

Project Name	New Preservation	Status	No. of Affordable Units
Commerce Street Family/Seniors Apartments	New	Pipeline	129
Southside Phase III - McCormack Baron Salazar	New	Pipeline	70
Sandy Ridge Station	New	Pipeline	132
Forest Hill Heights	New	Pipeline	185
Fairhaven Walk	New	Pipeline	192
DHA Office/CJB	New	Pipeline	258
DHA Fayette Place	New	Pipeline	261
Southside Phase IV - McCormack Baron Salazar	New	Pipeline	30
Harriet's Place (CDBG)	Pres	Pipeline	15
Bryan Place (Predev/Perm)	New	Under Contract	16
Ashton Place - DHIC/Self-Help	New	Under Contract	51
Elizabeth Street	New	Under Contract	72
Cedar Trace, LLC	New	Under Contract	180
Hardee Street Apartments - DHIC/Self-Help	New	Under Contract	132
ACRA Rehab	Pres	Under Contract	14
Ross Road	Pres	Under Contract	42
JJ Henderson Senior	New	Completed	80
Crescent Drive Farrington Road Apartments - Laurel Street Residential	New	Completed	82
JJ Henderson Rehab	Pres	Completed	177
JFK Towers	Pres	Completed	178
		Total	2,296

Additional Activities not included in *Forever Home, Durham Funding*

Housing Production and Preservation		Rehab or New Construction	No. of Affordable Units	Status
Rental Housing				
Laurel Oaks	DHA	Rehab	30	Completed
Morreene Road	DHA	Rehab	224	Under contract/construction begun
Willard Street Phase 1	DHIC/Self Help	New	82	Completed
702 & 704 Grant Street	DCLT	New	2	Under contract/predevelopment
SWCD10 Rehab - CDBG	DCLT	Rehab	4	Completed
SWCD10 Rehab - HOME	DCLT	Rehab	6	Completed
Subtotal, Rental			348	
Homeownership Opportunities				
917 Grant St (Vacant Lot)	DCLT	New	1	Under contract
701 Mallard Street (Vacant Lot)	Habitat	New	1	Under contract
706 N Elizabeth Street (Vacant Lot)	Habitat	New	1	Under contract
1012 Gurley Street (Vacant Lot)	Habitat	New	1	Under contract
704 Eva Street (Vacant Lot)	Habitat	New	1	Under contract
2312 Crane Street (Vacant Lot)	Habitat	New	1	Under contract
Subtotal, Homeownership			6	
Low-Income Households Stabilized			Number	Activities
Households stabilized			146	Long Time Homeowner Grant and prior minor repair program

Additional Activities not included in *Forever Home, Durham* Funding

American Rescue Plan Act (ARPA)

Remaining Unspent Funds

Sponsor	Project	Amount	Units
LDG Multifamily, LLC	Dearborn Family	\$9,714,137	156
Southern Repair Service Incorporated	McKissack Square	\$1,400,000	72
Mosaic Development Group, Inc.	902 South Briggs Avenue	\$5,987,880	124
Total		\$17,102,017	352

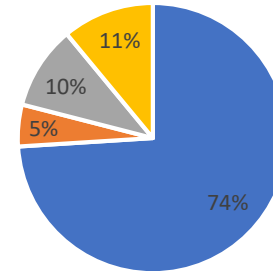
Forever Home, Durham

MWBE Contracting

Total Contract Amount by Certification as of April 2023

Category	Amount	Percent
Current Addressable Spend	\$54,572,385	100%
MWBE Addressable Spend	\$14,206,767	26%
Black/African American	\$2,465,912	5%
Hispanic/Latin X	\$5,207,211	10%
Woman	\$6,451,816	11%

Percent of Current Addressable Spend by Certification as of April 2023



■ Non-MWBE ■ Black/African American ■ Hispanic/Latin X ■ Women



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Homeless Services

- Serve as the Lead Agency for Durham County Homelessness Continuum of Care (CoC), which includes:
 - Staffing Homeless Services Advisory Committee (HSAC),
 - Preparing annual funding applications for State and HUD,
 - Preparing annual reports to HUD, including the Point in Time Count (PIT), Longitudinal Systems Analysis, Housing Inventory Count, and HOPWA CAPER.
- Support Entry Point Durham, the front door of the Homeless System
 - In FY22-23, 32% of persons experiencing homelessness who contacted coordinated entry were diverted from homelessness without entering emergency shelter
- Fund Unsheltered Coordinating Agency (UCA), in partnership with Durham County, to provide street outreach and encampment response.
- Support emergency shelter operations and rapid rehousing
 - Families Moving Forward, Urban Ministries, Housing for New Hope, Project Access

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Neighborhood Stabilization

- Minor Repair and Substantial Rehabilitation programs launched with City funding
 - Request for Proposals (RFP) to be issued in June 2023 for vendor(s) to administer both the Minor repair and Substantial Rehabilitation Programs (including application intake and working with selected contractors to perform work).
 - The three (3) year contract with the vendor(s) will assist low-income seniors (65 and over) or disabled homeowners with repairs.
- Fourth year of the City-funded Eviction Diversion Program completed, resulting in 391 tenants (50% of cases closed) preserving tenancy
- Long Time Home Owner Grant program to be completed in June 2023 for FY 20 tax year, serving 44 eligible residents
- The City of Durham Down Payment Assistance (DPA) Program will re-launch in July 2023
 - Program will provide up to \$80K in down payment and closing cost assistance to homeowners with incomes <80% AMI.
 - Community Development Department staff will administer the program.



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COVID-19 Response

- Continued the COVID funded non-congregate shelter support, including hotel and White Flag (cold weather) shelter through June 30, 2023.
- Provided additional funds to support expanded Rapid Rehousing capacity through December 31, 2023.
- CDD/Office of Economic and Workforce Development (OEWD) partnership to provide assistance to microbusinesses impacted by the pandemic.
- City of Durham/Durham Public Schools (DPS) partnership to address COVID-19 learning loss in four schools located in low-moderate income areas (Burton, W.G. Pearson, Y.E. Smith, and Fayetteville Street).



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FY23-24 Priorities



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FY23-24 Priorities

Rental Housing

Continue to move rental projects forward, including:

- ✓ *DHA*: Complete construction projects on 519 East Main Street site, and begin construction of replacement housing projects in the CNI footprint.
- ✓ Planning on the balance of DDNP sites.
- ✓ *Other*: Begin contracting for projects awarded ARPA funds targeted at FY21-22 RFP projects.

Homelessness

- ✓ Maintain support for homeless system and providers
- ✓ Increase the number of landlords willing to accept vouchers and rent to higher barrier households.
- ✓ Expand technical assistance opportunities for providers
- ✓ Transition from pandemic operations to new normal

Neighborhood Stabilization

Successfully manage current programs, including

- ✓ Down Payment Assistance Program
- ✓ Eviction diversion program
- ✓ Minor Repair
- ✓ Substantial Rehabilitation
- ✓ Surplus Property Development

Maintain and expand support for small-scale production

- ✓ Move current projects forward
- ✓ Issue new RFPs for funding

Challenges

1. Rising rental prices and lack of landlords that will accept vouchers
2. Increasing costs of for-sale housing.
3. Workload capacity of CDD team, developers and providers



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Summary

1. We are making progress, though not uniform through all the *Forever Home, Durham* categories. Some categories we are projected to exceed our goals and some categories we still striving for progress. As a reminder, though we have expended resources those resources are not enough to address the need which is being exacerbated by the current economy and housing market
2. We have been successful to the point of providing sufficient additional funding to keep our multifamily projects proceeding despite increasing construction costs and interest rates.



Questions?



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